



FOR CLERK USE ONLY

City Council

Item No. \_\_\_\_\_

## CITY COUNCIL AGENDA FACT SHEET

REFIDFVFI OPMFNT AGENCY

Department \_\_\_\_\_

AUGUST 4, 2009

Requested Date \_\_\_\_\_

**1. Request:**Council Approval ☒Information Only/  
Presentation ☐Other (specify) ☐Hearing ☐**2. Requested Action:**

ADOPT RESOLUTION AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE STATE HOME PROGRAM

**3. Fiscal Impact:**

Revenue:

Increase ☒Decrease ☐

Source: \_\_\_\_\_

STATE HOME FUNDS

Amount: \_\_\_\_\_

\$5,000,000.00

Cost:

Increase ☐Decrease ☐

Source: \_\_\_\_\_

Amount: \_\_\_\_\_

\$

Does Not Apply ☐**4. Reviewed By:**

Finance Dept. on \_\_\_\_\_

By: \_\_\_\_\_

Comments: \_\_\_\_\_

City Attorney on \_\_\_\_\_

By: \_\_\_\_\_

Comments: \_\_\_\_\_

*Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., 2 Fridays before the scheduled meeting date.*

**CLERK USE ONLY:**

CITY COUNCIL DATE: \_\_\_\_\_

Action ☐Filing ☐Consent ☐Presentation ☐Hearing ☐

Other(specify) \_\_\_\_\_

Reviewed by: City Clerk \_\_\_\_\_

City Manager \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

# **CITY COUNCIL AGENDA REPORT**

**SUBJECT:** Authorize the submittal of a State HOME application in partnership with Chelsea Investment Corporation

**AGENDA DATE:** August 4, 2009

**PREPARED BY:** Rosalind Guerrero, RDA Director

**APPROVED FOR AGENDA BY:** Victor Carrillo, City Manager

**RECOMMENDATION:** Adopt Resolution

**FISCAL IMPACT:** \$5,000,000 estimated grant request

## **BACKGROUND INFORMATION: (Prior action/information)**

The State of California HOME Program will be accepting applications on August 14, 2009 for programs and projects.

Your Council previously approved the submittal of an application to HOME for project funding. The project consists of adding 54 units to the De Anza Senior Citizen Apartments in partnership with Chelsea Investment Corporation (CIC). Due to the current economic climate, CIC will not be pursuing funding for the De Anza II project. However, CIC is requesting the City's approval to submit an application that will provide funding for acquisition and rehabilitation of an existing apartment complex located on Andrade Avenue.

The apartment complex consists of 36 units which would be acquired and rehabilitated to provide affordable housing. If awarded HOME funding the units must be made affordable to low income households for a period of 55 years. The City would enter into an agreement with CIC for the period of affordability including repayment terms on the HOME funds. HOME funds are awarded to the City and the City provides a low interest loan to CIC. No additional funds are being requested from the Redevelopment Agency.

In order for CIC to proceed with an application to the State, a resolution authorizing the submittal of the application by the City in partnership with CIC is needed.

**Agenda Item No.** \_\_\_\_\_

**Page** \_\_\_\_\_ **Of** \_\_\_\_\_

**RECOMMENDATION:**

**Approve the Resolution authorizing the submittal of a HOME Project Application for the CIC Calxico 36.**

**ATTACHMENT:**

Resolution

Letter from Chelsea Investment Corporation

**Agenda Item No. \_\_\_\_\_**

**Page \_\_\_\_\_ Of \_\_\_\_\_**

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO  
AUTHORIZING SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING  
UNDER THE HOME INVESTMENT PARTNERSHIPS PROGRAM; AND IF SELECTED,  
THE EXECUTION OF A STANDARD AGREEMENT, ANY AMENDMENTS THERETO,  
AND OF ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE HOME  
INVESTMENT PARTNERSHIPS PROGRAM.

**WHEREAS:**

- A. The California Department of Housing and Community Development (the "Department") is authorized to allocate HOME Investment Partnerships Program ("HOME") funds made available from the U.S. Department of Housing and Urban Development ("HUD"). HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, part 92, and in Title 25 of the California Code of Regulations commencing with section 8200.
- B. On June 1, 2009, the Department is scheduled to issue a 2009 Notice of Funding Availability announcing the availability of funds under the HOME program (the NOFA).
- C. In response to the 2009 NOFA, the City of Calexico, a municipal corporation (the "Applicant"), wishes to apply to the Department for, and receive an allocation of, HOME funds.

**IT IS NOW THEREFORE RESOLVED THAT:**

1. In response to the 2009 NOFA, the Applicant shall submit an application to the Department to participate in the HOME program and for an allocation of funds not to exceed Five Million Dollars (\$5,000,000) for the following activities and/or programs:

Rental rehabilitation with acquisition project to be developed by Chelsea Investment Corporation, or its affiliate, and located at 825 Andrade Street, in the City of Calexico. Said project tentatively known as "CIC Calexico 36."

2. If the application for funding is approved, then the Applicant hereby agrees to use the HOME funds for eligible activities in the manner presented in its application as approved by the Department in accordance with the statutes and regulations cited above. The Applicant may also execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by the Department or HUD for participation in the HOME program (collectively, the required documents).

3. The applicant authorizes the Mayor, City Manager, and the Director of Community and Economic Development, or their designees, to execute, in the name of the applicant, the required documents necessary to apply for, accept, and administer the HOME funds described above.

PASSED, APPROVED, AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2009.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney

State of California     )  
County of Imperial    ) ss  
City of Calexico       )

I, \_\_\_\_\_, City Clerk for the City of Calexico, do hereby attest and certify that the foregoing is a true and full copy of the resolution of the governing board of the applicant passed and adopted at a duly convened meeting on the date set forth above, by the vote shown below, and said resolution has not been altered, amended, or repealed.

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
City Clerk



Chelsea Investment Corporation  
5993 Avenida Encinas, Suite 101  
Carlsbad, CA 92008  
Phone: (760) 456-6000  
Fax: (760) 456-6001

July 23, 2009

Victor Carillo  
City Manager  
City of Calexico  
608 Heber Avenue  
Calexico, CA 92231

**RE: HOME application – Chelsea Investment Corporation**

Dear Mr. Carillo:

As you know, the City passed a resolution authorizing a HOME application for new construction submittal for a Chelsea Investment Corporation project called the De Anza II. While this project would be very competitive for the upcoming round, the financial investment climate has not changed enough to move this project forward next year – in fact, it will be several years before investors return to investments in rural California and the De Anza II project can be built.

Given that the De Anza II project will not proceed forward next year, when we were approached with another project in the City, we thought it would not harm the De Anza II project to wait one more year to apply for HOME funds. The other project would also qualify for the HOME application and does not need any tax credit equity to be feasible. If the Council is willing to support a different project for this year's HOME application, we would postpone the De Anza II HOME application until next year at the earliest.

The proposed new project is an existing apartment complex, located at 825 Andrade Street, and is in need of much deferred maintenance. It has 36 units with eight one-bedrooms and twenty eight two bedrooms. We would acquire this property from the current owner and rehabilitate every unit, building systems and common areas with the HOME financing and a private conventional commercial loan. Each unit would receive approximately \$40,000 in hard cost investment – including new kitchens and bathrooms as well as floor coverings, windows and doors. Tenants will remain in their units or another unit on site temporarily while their unit's rehab is completed. All tenants that income qualified to remain would have their rents lowered and any tenant that did not income qualify to stay would receive relocation benefits from our project budget. A professional relocation consultant will interview each tenant regarding the income qualifications and their relocation benefits will be based on each tenant's income level and the cost of comparable housing. The relocation consultant will also work with the tenant to find a new place to live. Moving expenses, in addition to the relocation benefits, will also be provided under federal law.

We are not requesting any City funds – just the support of staff to request a new resolution from the Council for HOME application for acquisition/rehabilitation instead of new construction. The City has a chance with this project to add 36 units to the affordable housing stock without having to build any new multifamily housing.

Please let me know if you have any questions. I look forward to receiving your support. Thank you very much.

Sincerely,

Erin Autry Montgomery  
Project Manager